

**JOINT INDEPENDENT AUDIT COMMITTEE****22 FEBRUARY 2016**

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**INTERNAL AUDIT STRATEGY STATEMENT 2016 – 2019 AND ANNUAL PLAN 2016/2017****REPORT OF CHIEF INTERNAL AUDITOR**

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**1 Purpose of the Report**

- 1.1 To inform the Committee of the contents of the Internal Audit Strategy Statement 2016/17 – 2018/19 and the annual Audit Plan 2016/2017 for the Police and Crime Commissioner and Chief Constable and seek its input and approval.

**2 Background**

- 2.1 The terms of reference for Internal Audit are laid down in the Commissioner's Delegations to Officers and Financial and Contract Regulations
- 2.2 The Internal Audit Service is to be provided under a written agreement with Gateshead Council. Internal Audit are required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 2.3 The Joint Chief Finance Officer has delegated responsibility to maintain an adequate internal audit of both the Police and Crime Commissioner and Chief Constable's financial affairs as required by Section 151 of the Local Government Act 1972. The Accounts and Audit Regulations 2015 also require public bodies must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 2.4 The Chief Internal Auditor manages the Internal Audit Service and is responsible for ensuring resources are sufficient to meet the Audit Plan, which is developed based on a systematic review and evaluation of all aspects of the internal control environment.
- 2.5 The main aim of the Internal Audit Service is to assist all levels of management in delivering the objectives of the Police and Crime Commissioner and Chief Constable through the assessment of exposure to risk and the continuous improvement of the control environment. The risk-based audit plan provides purpose and direction in the achievement of this aim.

NOT PROTECTIVELY MARKED

- 2.6 A report was brought to Committee in December 2015 outlining the emergent plan for comment. Following further consultation with officers the final plan is attached as appendix A.

### **3 Internal Audit Strategy Statement 2016/17 – 2018/19 and Annual Plan 2016/17**

- 3.1 The strategy of the Internal Audit Service is to deliver a risk-based audit plan in a professional and independent manner and to provide the Police and Crime Commissioner and Chief Constable with an opinion on the level of assurance they can place upon their internal control environment, and to make recommendations to improve it.
- 3.2 The role of the Internal Audit Service, as outlined in the Audit Charter, is to assist all levels of management in delivering the objectives of the PCC and Chief Constable and their associated bodies, through the assessment of exposure to risk and the continuous improvement of the control environment. It is the responsibility of management to install and maintain effective internal control systems.
- 3.3 Quarterly monitoring of progress against the plan will be reported to the Joint Independent Audit Committee with priorities reviewed on an ongoing basis to direct audit resources to the areas of highest risk.
- 3.4 The Audit Strategy Statement 2016/17 – 2018/19 and the annual Audit Plan for 2016/17 are attached at Appendix A. Under Public Sector Internal Audit Standards (PSIAS), the Joint Independent Audit Committee should review the proposed plan prior to its approval.
- 3.5 The Strategy document has been prepared in accordance with PSIAS which outline that that the Chief Internal Auditor must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals, taking into account the organisation's risk management framework, input from senior management and the Committee. The plan should remain flexible in both content and timing to respond to changes in the organisation's business, risks, operations, programs, systems and controls.
- 3.6 The risk-based plan must take into account the requirement to produce an annual audit opinion on the assurance framework. It must be linked to a strategic statement of how the internal audit service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisation's objectives and priorities outlined in the Police and Crime Plan.

### **4 Equal opportunities implications**

- 4.1 It is considered that there are no equal opportunities implications arising from the report.

**5 Human rights implications**

- 5.1 It is considered that there are no human rights implications arising from the report.

**6 Risk Management implications**

- 6.1 There are no additional risk management implications arising directly from this report. The audit plan supports the adequate and appropriate use of resources.

**7 Financial implications**

- 7.1 There are no financial implications directly arising from this report

**8 Recommendations**

- 8.1 The Committee is asked to:
- agree the Internal Audit Strategy Statement 2016/17 – 2018/19;
  - review the Chief Internal Auditor's proposed annual plan of work for the Internal Audit Service for 2016/17; and.
  - agree to receive quarterly monitoring reports showing progress made against the plan.